

FISCAL IMPACT STATEMENT ON BILL NO. **H.3063**

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TO:	The Honorable William E. "Bill" Sandifer III, Chairman, House Labor, Commerce and Industry Committee		
FROM:	Office of State Budget, Budget and Control Board		
ANALYSTS:	Kenneth Brown		
DATE:	February 5, 2009	SBD:	2009001

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AUTHOR:	Representative Spires	PRIMARY CODE CITE:	
SUBJECT:	Pharmacy Patient Protection Act		

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ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:

A Cost to the General Fund (See Below)

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:

\$0 (No additional expenditures or savings are expected)

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**BILL SUMMARY:**

This Bill would enact the "Pharmacy Patient Protection Act" providing for the licensure and registration of pharmacy benefit managers, provide for the requirements of a certificate of registration, the conditions a benefits manager shall operate such as record keeping and pricing guidelines, prohibits discrimination when contracting with pharmacies on the basis of co-payments or days of supply and authorizes the Director of the Department of Insurance to make rules and promulgate regulations. Section 38-71-1830 (B) provides for a filing fee of fifty dollars for a person seeking a certificate of registration to act as a pharmacy benefits manager.

**EXPLANATION OF IMPACT:**

The Department of Insurance indicates that this Bill would require additional General Funds of the State totaling \$75,000 in the first year. Recurring costs of \$32,000 would cover salary and fringe benefits for an Administrative Assistant who would assist with the review of applications for certification and annual renewal of registration licenses and operating expenses of \$2,400. A one-time expenditure totaling \$41,000 would cover the initial office setup for the Administrative Assistant of \$3,500 and \$37,500 to cover programming the cost associated with the Department's paperless licensing database system.

**LOCAL GOVERNMENT IMPACT:**

None.

**SPECIAL NOTES:**

Although Section 38-71-1830 of the Bill provides for an initial certificate of registration fee of \$50, it is not clear that this fee would be retained by the Department of Insurance. The Department estimates there would be about twenty PBMs statewide.

Approved by:



Harry Bell

Assistant Director, Office of State Budget